

FISCAL NOTE

HB 2767 - SB 3390

March 7, 2008

SUMMARY OF BILL: Requires students in grades K-12 to possess health insurance prior to the 2009-10 academic year and shall submit proof of such insurance to their local education agency (LEA).

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$12,729,900

Increase Local Expenditures* - \$6,895,200

Other Fiscal Impact – Increase Federal Expenditures - \$31,431,300

Assumptions:

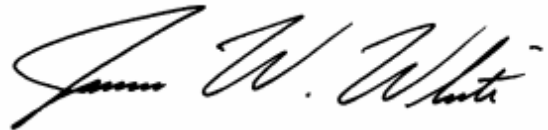
- Approximately 17,400 additional school-age children will be enrolled in state healthcare programs. Approximately 50 percent will be enrolled in the CoverKids program and approximately 50 percent will be enrolled in the TennCare program. Approximately 8,700 additional children will need to be enrolled in each.
- The average per member per month payment for CoverKids is \$274. The federal government pays 75 percent of the total cost. The state pays 25 percent of the total cost. The total increase in expenditures will be \$28,605,600 (8,700 students x \$274 x 12 months = \$28,605,600). The increase in federal expenditures will be \$21,454,200 (\$28,605,600 x 75% = \$21,454,200). The increase in state expenditures will be \$7,151,400 (\$28,605,600 x 25% = \$7,151,400).
- The average per member per month payment for TennCare is \$149. The federal government pays a match of 64.138 percent. The state pays a match of 35.862 percent. The total increase in expenditures will be \$15,555,600 (8,700 students x \$149 x 12 = \$15,555,600). The increase in federal expenditures will be \$9,977,050 (\$15,555,600 x 64.138% = \$9,977,050). The increase in state expenditures will be \$5,578,549 (\$15,555,600 x 35.862% = \$5,578,549).
- The total increase in state expenditures for both programs will be \$12,729,949 (\$7,151,400 + \$5,578,549 = \$12,729,949).
- The total increase in federal expenditures for both programs will be \$31,431,250 (\$21,454,200 + \$9,977,050 = \$31,431,250).

- Any cost to the Department of Health or the Department of Education to establish guidelines for management of the provisions of this bill are estimated to be not significant.
- Local education agencies will verify that each student has insurance. According to the Department of Education, each LEA will require one additional staff person to perform this function. Cost per person including salary and benefits will be \$50,700. The total increase in local expenditures will be \$6,895,200 (\$50,700 x 136 LEAs).

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and "W".

James W. White, Executive Director

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